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SENSITIVE

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TAGS: [ETRD](#) [ECON](#) [BR](#) [WTO](#)

SUBJECT: WTO: BRAZIL LIKELY TO REMAIN CAUTIOUS ON SERVICES

REFS: A) SECSTATE 176381, B) Fair-Horan email Oct 17, 2005

11. SENSITIVE BUT UNCLASSIFIED

12. (SBU) Summary. Brazil's willingness, or not, to be forthcoming in WTO services is directly linked to its assessment of concessions being made by major developed country partners (US and EU) in the agricultural negotiations. However, even if the GoB should at some point deem as adequate the progress being made in agriculture discussions, the lack of high quality statistics and analysis of service industries as well as coordination between services sectors may hamper the GoB's ability to move off of its defensive position. Foreign Ministry officials highlight Brazil's interest in working constructively within the "core group" of members for services negotiations, while officials within the Ministry of Development, Industry and Trade argue that Brazil should not support any "benchmarks" or "complementary approaches" within the services negotiations, until issues concerning rules are adequately dealt with. End Summary.

13. (SBU) In response to ref A, Econoff met on October 14 with Ronaldo Costa Filho, Chief of the Foreign Ministry's Division of Services, Investment and Financial Issues (ref B). Costa had been only 3 weeks in his new post; while he has substantial trade experience, most recently heading the division in charge of negotiations between Mercosul and countries outside Latin America, it has primarily focused on trade in goods.

14. (SBU) Costa emphasized that Brazil does not view the services negotiations as "behind" the agriculture or non-agriculture (NAMA) negotiations, but said the GoB also recognizes that once agreement is reached on modalities in these other two areas, a similar level of definition within services will be needed. He added that Brazil hopes that it is seen as working constructively within the "core group" of services members. Nonetheless, the GoB does not support suggestions that countries take on mandatory levels of openness in certain sectors, citing concerns that such an obligation would be inconsistent with GATS guidelines established in 2001. Costa offered, however, that the GoB considers more favorably an idea discussed with US interlocutors in Geneva, and expanded on in a recent Indian paper in which countries would commit to an overall level of increased openness, but would retain individual flexibility on how to achieve it. Offering his personal opinion, Costa said some numerical marker would be helpful for pressuring countries to be more forthcoming.

15. (SBU) Turning specifically to Brazil's services offers, Costa acknowledged that the country's initial offer was weak; he characterized it as communicating only that Brazil was at the table, keeping everything "in pocket." He described Brazil's revised offer as adding substance, but noted that Brazil could go deeper in commitments, depending on whether substantial commitments in agriculture were forthcoming. (Note. While attending a G-20 meeting of Finance Ministers in China October 16, Finance Minister Palocci told press that Brazil could contemplate greater opening in financial services citing the possibility of revoking the requirement of Presidential authorization for establishment of foreign banks. Palocci also said he and Argentina Economic Minister Lavagna had agreed to look at opening the reinsurance sector and to evaluate other changes.) In the area of reinsurance, Costa noted that legislation to open the sector is pending in congress; while the WTO negotiations might help with gaining its passage, he cautioned that negotiators must also be careful not to get out in front of Congress.

16. (SBU) The audiovisual sector was the only group identified by Costa as adamantly opposed to any market opening. He noted that the computer services sector actually has some offensive interests and included construction services and distribution as sectors which traditionally have been less defensive than others.

Nonetheless, he stressed that almost all Brazilian service sectors were afraid of liberalization and wanted to maintain the status quo. A lack of good information about the likely outcome of liberalization had created misperceptions, according to Costa, with sectors often assuming that domestic providers would be eliminated. He cited telecom as a case in point, and praised a recent telecommunications seminar in Geneva as the type of educational outreach that can help domestic providers more realistically assess the implications of liberalization. Costa also thought a dialog between Brazilian service providers and those in other countries could be beneficial. There is no counterpart to the Coalition of Services Industries in Brazil, so contacts would have to be sector by sector.

17. (SBU) According to Costa, interaction between the government and private sector on the services negotiations is minimal; he noted that the industrial sector had not been engaged in the debate over services liberalization at all. Without the benefit of much private sector input, the Foreign Ministry works closely with the Ministry of Development, Industry and Trade and relies on specific input from each of the ministries/agencies with specialized responsibilities to develop the GoB position on services. The breakdown of responsibilities for key sectors of U.S. interest is as follows: financial services - Finance Ministry; telecommunications - Agencia Nacional de Telecomunicacoes (Anatel), audiovisual - Ministry of Culture; energy - Ministry of Energy; environment - Ministry of Environment; express delivery - Ministry of Communication; distribution - Ministry of Development, Industry and Trade (MDIC); computer services - MDIC and the Ministry of Science and Technology. These ministries in turn, and to varying degrees, seek input from relevant private sector groups/associations.

18. (SBU) In part the need for more intensive outreach to the private sector recently prompted MDIC to create a new Department of Trade and Services Policies, according to Jane Pinho, an experienced services negotiator who is the new Department's General Coordinator for Services. In a meeting with Econoff October 21, Pinho said her section, which was formed at the beginning of October, sought to establish a dialog with companies providing distribution, construction and computer services. She lamented the lack of coordination between services sectors. Andre Marcos Favero, an analyst within the Services Section, said a lack of response from the Brazilian delegation on a point concerning services is more likely due to the information being unavailable or unknown rather than to a desire to avoid divulging it - for instance, they really do not have a good grasp of their offensive interests.

19. (SBU) Nonetheless, Pinho took a hard-line on any efforts to introduce "benchmarks" or "complementary approaches" within the services negotiations arguing that progress should be made on rules before any consideration is given to assessing market access offers. She railed against developed countries, in particular the EU, which she said claim to make substantial commitments on a sectoral basis, but then under horizontal commitments roll it all back.

Comment  
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110. (SBU) The lack of information and coordination within domestic services industries certainly complicates formulation of a GoB position based on economic criteria, lending to Brazil's defensive posture in services, and potentially hinders our ability to have a productive dialog with the Brazilian private sector. Nonetheless, it might also provide the Foreign Ministry with a certain amount of leeway should the GoB need to press domestic service providers for greater flexibility in reaction to progress in the agriculture talks. That being said, MDIC would likely act as a check should the Foreign Ministry advocate a position seen as too forthcoming.

Private Sector Associations  
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11. (U) With regard to future outreach efforts, the associations below correspond to the service sectors identified as key U.S. interests; the extent to which each of these associations is active in discussions on the WTO services negotiations is not known.

ENERGY  
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Associacao Brasileira dos Produtores Independentes de Energia Eletrica (APINE)  
SCN Qd. 02  
Ed. Centro Empresarial Encol - Torre "A" Salas 626/8  
70.712-903 Brasilia - DF  
Tel.: 55-61-3315-9182/84 or 3328-5707

Fax: 55-61-3327-2069

ABINEE

Av. Paulista, 1313, 7th floor conj. 703  
Sao Paulo, SP 01311-923  
Tel: 55-11-2175-0000 Fax: 55-11-2175-0090  
Contact: Roberto Barbieri - Advisor, Power Generation,  
Transmission and Distribution  
roberto@abinee.org.br  
Homepage: www.abinee.org.br

Camara Brasileira dos Investidores de Energia Eletrica  
(CBIEE)  
Rua Joaquim Floriano 466 Edificio Corporate Conjunto 501  
Itaim Bibi  
Sao Paulo, SP 04534-004  
Contact: Claudio Sales, President  
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To a lesser extent:

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Transmission and Distribution  
roberto@abinee.org.br  
Homepage: www.abinee.org.br

Associacao Brasileira dos Grandes Consumidores de Energia  
Eltrica (ABRACE)  
Av. Paulista, 1439 - conj. 112 - 11th floor  
Sao Paulo, SP 01311-926  
Tel: 55-11-3284-3570/ 3284-4065 Fax: 55-11-3288-3882  
Contact: Paulo Ludmer, Executive Director  
E-mail: info@abrace.org.br  
Pludmer@abrace.org.br  
Homepage: www.abrace.org.br

Associacao Brasileira de Geradores Termicos (Abraget)  
Xisto Vieira, President  
Av. Rio Branco, 26, sala 802  
Rio de Janeiro, RJ 20090-001  
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abraget@abraget.com.br  
xisto.vieira@elpaso.com  
Tatiana Lagun, Executive Secretary  
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Associacao Brasileira de Distribuidores de Energia Eletrica  
(ABRADEE)  
Rua da Assembleia, 10, room 3201, Ed.Candido Mendes  
Rio de Janeiro, RJ 20011-901  
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Contact: Luiz Carlos Guimaraes, President  
E-mail: abradee@abradee.org.br  
Homepage: www.abradee.org.br

Associacao Brasileira de Geracao Flexivel (ex- Assoc. dos  
Produtores de Energia Emergencial) (ABGF)  
SCN Quadra 05 - Bl. A - Sala 1310  
Torre Sul - Ed. Brasilia Shopping and Towers  
Brasilia, DF 70715-900  
Mr. Marco Antonio Veloso, Diretor Executivo  
Phone: 55-61-3326-4907 cell: 55-61-9974-4377 Fax: 55-61-3326-4907  
Email: marcoveloso@abpee.org.br marcoveloso@abragef.org.br  
Homepage: www.abpee.org.br

FINANCIAL SERVICES

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Federacao Brasileira de Bancos (FEBRABAN) (banking umbrella  
group)  
Rua Lbero Badaro, 425-17th andar  
Sao Paulo, SP 01009-905  
Tel: 55-11- 3244-9800  
Fax: 55-11- 3107-8486

Also interact with:

Sao Paulo Stock Exchange (BOVESPA)  
Headquarters  
Rua XV de Novembro, 275  
Sao Paulo, SP 01013-001  
P.O. Box: 3456  
Phone: 55-11-3233-2000  
Fax: 55-11-3242-3550  
E-mail: bovespa@bovespa.com.br

Commodities/Futures Exchanges:

Bolsa de Mercadorias & Futuros (BM&F)  
Sao Paulo - Edificio-sede  
Praça Antonio Prado, 48  
8  
Sao Paulo, SP 01010-901  
Tel.: 55-11-3119-2000 Fax: 55-11-3242-7565

BM&F Braslia - Sede Administrativa  
SCN QD 04 Bloco "B" - Sala 404

Centro Empresarial Varig  
Braslia, DF 70714-900  
Tel.: 55-61- 3328-6301/02/03

BM&F (USA) Inc.  
61 Broadway, Suite 2605  
New York, NY 10006  
Phone: +1-212-750-4197 Fax: +1-212-750-4198

#### INSURANCE -----

Federacao Nacional das Empresas de Seguros Privados e de  
Capitalizacao (FENASEG)  
Rua Senador Dantas  
74/12th andar, Centro  
Rio de Janeiro, RJ  
Tel: 21-2510-7777

#### ENVIRONMENTAL -----

Brazilian Association of Hazardous Waste Treatment Companies  
(ABETRE)  
Rua Estela 515 Bl. F cj. 101  
Sao Paulo, SP 04011-904  
Phone: 55-11-5081-5351  
e-mail: abetre@abetre.com.br  
www.abetre.com.br  
Contact: Diogenes Del Bel, Executive Secretary

Associacao Brasileira de Engenharia Sanitaria e Ambiental  
(ABES)  
(Brazilian Association of Sanitary and Environmental  
Engineering)  
Av. Beira Mar, 216- 13th andar, Castelo  
Rio de Janeiro, RJ 20021-060  
Tel: 55-21-2210-3221  
Fax: 55-21-2262-6838  
8  
www.abes-dn.org.br

#### TELECOMMUNICATIONS -----

Brazilian Association of Pay TV - Associacao Brasileira das  
TVs por Assinatura (ABTA)  
Rua Paes de Araujo, 29 - cj. 181  
Sao Paulo, SP 04531-090  
Phone: 55-11-3078-9307  
Contact : Alexandre Annenberg , Executive Director  
abta@abta.com.br <http://www.abta.com.br>

Brazilian Association of Telecommunications Engineering  
Services Companies - Associacao Brasileira Das Empresas De  
Servicos De Engenharia De Telecomunicacoes (ABECORTEl)  
Rua Domingos de Moraes, 2243, 1st andar - cj. 16  
Sao Paulo, SP 04035-000  
Phone: 55-11-5082-2902  
Phone: 55-11-5579-8078  
Contact: Gilberto Justen, President  
abecortel@abecortel.org.br  
<http://www.abecortel.org.br>

Brazilian Society of Broadcast Engineering - Sociedade  
Brasileira de Engenharia de TV e Telecomunicacoes (SET)  
Rua Jardim Botânico 700 sala 306  
Rio de Janeiro, RJ 22461-000  
Phone: 55-21-2512-8747  
Contact: Roberto Franco, President  
<http://www.set.com.br>  
set@set.com.br

#### INTERNET/E-COMMERCE -----

Brazilian Association of Internet Service Providers  
Associacao Brasileira de Provedores ABRANET(SP)  
Internet Rua Tabapua, 627 - 3 and - sl 34 - Sao Paulo  
Phone 55-11-3078-3866  
Contact: Antonio Alberto Valente Tavares, President  
gerente@abranet.org.br <http://www.abranet.org.br>

Brazilian Chamber of Electronic Commerce Camara Brasileira  
de Comercio Eletronico

#### CAMARA E-NET

Rua Novo Horizonte, no. 271 - Higienopolis  
Sao Paulo, SP 01244-020  
Phone: 55-11-3237-1102  
Contact: Cid Torquato, Executive Director <http://www.camara-e.net> [info@camara-e.net](mailto:info@camara-e.net)

#### COMPUTER SERVICES

Associacao Brasileira de Empresas de Software (ABES)  
Av. Ibirapuera 2907 8th Andar Cj 811  
Moema Sao Paulo, SP 04029-200  
Phone: 55-11-5044-7900  
Contact: Jorge Sukarie, Executive President [abes@abes.org.br](mailto:abes@abes.org.br)  
<http://www.abes.org.br>

Brazilian Association of Data Processing Companies  
(ASSESPRO)  
Rua Buenos Aires, no. 68 - 14th andar / Centro  
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Contact: John Foreman, President  
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#### DISTRIBUTION/EXPRESS DELIVERY

Associacao Brasileira de Atacadistas e Distribuidores de  
Produtos Industrializados (ABAD)  
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Fax: (11) 3885-6840/(85) 254-1742  
Email: [guilherme.tiezzi@abgroup.com.br](mailto:guilherme.tiezzi@abgroup.com.br)  
Av. Nove de Julho, 3147-11 andar  
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Associacao Brasileira de Movimentacao e Logstica  
Mr. Marcio Frugiuelles, Presidente (ABML)  
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Email: [congresso@abml.org.br](mailto:congresso@abml.org.br)  
Av. Cons. Rodrigues Alves, 848  
Sao Paulo, SP 04014-002  
Web Site: [www.abml.org.br](http://www.abml.org.br)

#### AUDIOVISUAL

Associacao Brasileira da Producao de Obras Audiovisuais  
(APRO)  
Rua dos Pinheiros 870, 16th andar - cj 161  
Sao Paulo, SP 05422-001  
Tel: 55-61-11-3089-9606  
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Associacao Brasileira de Realizadores de Audiovisuais  
(ASCINE)  
Rua Lima e Silva, 280  
Bairro Cidade Baixa  
Porto Alegre, RS 90050-100  
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